Package Scheme of

Incentives - 2013

Government of Maharashtra

Industries, Energy and Labour Department

Government Resolution No.: PSI -2013/ (CR- 54)/IND-8

Mantralaya, Mumbai - 400 032

Date: 1st April 2013

Read -

Government Resolutions of Industries and Labour Department,

1. No. IDL-7064/IND-I, dated the 25/09/1964,
2. No. IDL-7069/IND-I, dated the 02/04/1969,
3. No. IDL-7069/IND-I, dated the 10/03/1970,
4. No. IDL-7073/34605/IND-I (B), dated the 23/10/1973,

Government Resolutions of Industries, Energy and Labour Department

5. No. IDL-7076/6212/(5)/ IND-8, dated the 18/01/1977,
6. No. IDL-7076/48287/(295) / IND-8, dated the 17/09/1977,
7. No. IDL-7079/81133/(1925)/ IND-8, dated the 18/10/1979,
8. No. IDL-7079/(2043)/ IND-8, dated the 05/01/1980,
9. No. IDL-7079/95227/(2540)/ IND-8, dated the 11/8/1980,
10. No. IDL-7082/(3559)/IND-8, dated the 05/07/1982,
11. No. IDL-1082/(4096)/IND-8, dated the 31/03/1983,
12. No. IDL-1082/(4077)/IND-8, dated the 04/05/1983,
13. No. IDL-1088/(6612)/IND-8, dated the 25/03/1988,
14. No. IDL-1087/(6245)/IND-8, dated the 21/07/1988,
15. No. IDL-1088/(6603)/IND-8, dated the 30/09/1988,
16. No. IDL-2188/(11324)/IND-14, dated the 08/11/1988,
17. No. IDL-1088/(7018)/IND-8, dated the 31/01/1989,
18. No. IDL-1088/(7056)/IND-8, dated the 22/02/1989,
19. No. IDL-1093/(8889)/IND-8, dated the 07/05/1993,
20. No. IDL-1093/(9378)/IND-8, dated the 06/07/1994,
21. No. IDL-1095/(10092)/IND-8, dated the 03/01/1996,
22. No. IDL-1096/(13251)/IND-8, dated the 12/03/1997,
23. No. IDL-1096/(13211)/IND-8, dated the 20/06/1997,

24. No. IDL-1097/(13563)/IND-8, dated the 27/11/1997,
25. No. IDL-1097/(13637)/IND-8, dated the 28/11/1997,
26. No. IDL-1097/(13478)/IND-8, dated the 29/11/1997,
27. No. IDL-1097/(13385)/IND-8, dated the 17/01/1998,
28. No. IDL-1098/(121)/IND-8, dated the 11/08/1998,
29. No. IDL-1098/(293)/IND-8, dated the 30/09/1998,
30. No. IDL-1098/(109)/IND-8, dated the 31/12/1998,
31. No. IDL-1099/(620)/IND-8, dated the 31/03/1999,
32. No. IDL-1098/(351)/IND-8, dated the 16/04/1999,
33. No. IDL-1098/(351)/IND-8, dated the 29/06/1999,
34. No. IDL-1098/(620)/IND-8, dated the 30/06/1999,
35. No. IDL-1099/(780)/IND-8, dated the 09/07/1999,
36. No. IDL-1099/(884)/IND-8, dated the 29/10/1999,
37. No. IDL-1020/((5)/IND-8, dated the 23/03/2000,
38. No. IDL-1020/(204)/IND-8, dated the 12/05/2000,
39. No. IDL-1021/(CR-73)/IND-8, dated 31/03/2001,
40. No. IDL-1002/(CR-66)/IND-8, dated 16/02/2002,
41. No. IDL-1002/(CR-345)/IND-8, dated 18/10/2002,
42. No. IDL-1005/(CR-119)/IND-8, dated 02/06/2005,
43. No. IDL-1006/(CR-83)/IND-8, dated 03/05/2006,
44. No. IDL-1006/(CR-83-Part- II)/IND-8, dated 13/07/2006,
45. No. PSI-1707/(CR-50)/IND-8, dated the 30th March, 2007,
46. No. PSI-1707/CR-101/Ind-8, dated the 24th April, 2007,
47. No. PSI-2107/CR-74/Ind-8, dated the 30th April, 2007,
48. No. PSI-2108/CR-35/Ind-8, dated the 21st May, 2008,
49. No. PSI-1708/CR-228/Ind-8, dated the 25th August, 2008,
50. No. PSI-2108/CR-36/Ind-8, dated the 3rd December, 2008,
51. No. PSI-2108/CR-278/Ind-8, dated the 4th December, 2008,
52. No. PSI-2108/CR-278/Ind-8, dated the 27/20/2009
53. No. PSI-2110/CR-88/Ind-8, dated the 3rd June, 2010,
54. No. PSI-2110/CR-96/Ind-8, dated the 3rd June, 2010,
55. No. PSI-1707/(CR-50)/Ind-8, dated the 27th July, 2010,
56. No. PSI-2110/CR-92/Ind-8, dated the 25th October, 2010,
57. No. PSI-1707/(CR-50)/IND-8, dated the 22nd March, 2011,
58. No. PSI-1707/(CR-50)/IND-8, dated the 30th June, 2011, 30th August, 2011,31st Oct.2011, 30th November, 2011, 31st Jan.2011 and 29th March,2011.
59. No. III-Policy-2010/C.R. 768/Ind-2, dated 22/2/2013
60. No PSI-1707/(CR-50)/IND-8,dated the 30th March,2013.

PREAMBLE -

In order to encourage the dispersal of industries to lesser developed areas of the State, the Government has been giving package of incentives to New Industrial Units / Expansion Units set up in the developing regions of the State since 1964 under a Scheme popularly known as the "Package Scheme of Incentives."

The Package Scheme of Incentives, introduced in 1964, has been amended from time to time. The Scheme as amended last, is commonly known as the "Package Scheme of Incentives-2007" (PSI-2007) and is operative since the 1st April, 2007.

The State has recently declared the new Industrial Policy -2013 to ensure sustained industrial growth through various innovative initiatives so as to further improve the conducive industrial climate in the State and to provide global competitive edge to the industries in the State. The policy envisages grant of fiscal and non-fiscal incentives to the Industrial units with a view to helping the units achieve higher and sustainable economic growth with emphasis on balanced regional development and employment generation through greater Private and Public Investment in industrial sector. It is therefore necessary to amend the Package Scheme of Incentives-2007, in the light of the Industrial Policy-2013 and introduce a new "Package Scheme of Incentives 2013", containing details of eligibility criteria, quantum of incentives and monitoring mechanism for administering the incentives during the period up to the 31st March, 2018.

Resolution

In supersession of the Package Scheme of Incentive – 2007, which expired on the 31st March, 2013, the Government is pleased to accord approval to the new "Package Scheme of Incentives -2013" (PSI-2013) which came into effect from the 1st April 2013 for a period of five years. The detailed provisions of the PSI-2013 are as follows : -

1. APPLICABILITY OF PSI-2013

1.1 Period of Operation of PSI-2013 :-

The PSI -2013, as may be amended by the Government from time to time, shall remain in operation from the 1st April 2013 up to 31st March,2018 .

1.2 Coverage under the PSI - 2013 :-

The following categories of Eligible Industrial Units in the Private Sector, Co-operative Sector, Central Public Sector, State Public Sector/ Joint Sector shall be eligible to be considered for incentives under the PSI- 2013 :-

i) Industries listed in the First Schedule of the Industries (Development and Regulation) Act, 1951, as amended from time to time

ii) Manufacturing Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED Act, 2006)

iii) Information Technology Manufacturing Units registered with the Directorate of Industries or the Maharashtra Industrial Development Corporation (MIDC) or the Development Commissioner, Santacruz Electronic Export Processing Zone (SEEPZ) or Software Technology Parks of India (STPI) in the State.

iv) Bio-technology Manufacturing Units as specified by the Government from time to time, which are outside the purview of any registering authority mentioned above.

v) Cold Storages

vi) Mechanized Food/Agro Processing Industries in the following sectors:

- Dairy, Fruit and Vegetable Processing.
- Grain Processing.
- Fish Processing.
- Consumer foods including Packed foods.
- Non alcoholic beverages from fruits and vegetables.

vii) Central Public Sector Units which satisfy the qualifying criteria as defined in Para No.2.2.(iii) given below.

1.3 Classification of Areas for PSI-2013 :-

For the purposes of the PSI- 2013, detailed talukawise classification of different areas of the State as Group, A /B/ C/ D/ D + etc., on the basis of their level of industrial development shall be as given in Annexure-I to this G.R. where -

(i) **Group A:** Denotes Industrially developed areas

(ii) **Group B:** Denotes Areas where some industrial development has taken place, but are less developed than the areas under Group A.

(iii) **Group C:** Denotes Areas, which are less developed than those covered under Group B.

(iv) **Group D:** Denotes the lesser-developed areas of the State, not covered under Group A/ Group B/ Group C.

(v) **Group D+:** Denotes the least developed areas, not covered under Group A/Group B/Group C/Group D.

(vi) **No Industry District:** Denotes District having no industries and not covered under Group A / B/ C/ D & D+ .

vii) **Naxalism Affected Area :** Denotes Area affected by naxalism, as described in GR No NAVIKA-2008/C.R. 209/Ka. 1416 Dated 31.5.2009 (Annexure II)

2. DEFINITIONS

2.1 Earlier Scheme :-

'Earlier Scheme' shall mean and include the Package Scheme of Incentives implemented from time to time prior to PSI-2013.

2.2 Micro & Small Manufacturing Enterprises, Medium Manufacturing Enterprises / Large Scale Industries / Mega Projects and Ultra Mega Projects:-

(i) **Micro, Small and Medium Manufacturing Enterprises(MSMEs) :-**

MSMEs shall be construed as per their definition in the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED Act, 2006)

(i) **Large Scale Units:-** Industrial Units, having investment more than the Medium Manufacturing Enterprises as defined under the MSMED Act, 2006, but less than the Mega Projects defined below, shall be classified as Large Scale Units (LSI).

(ii) **Mega Projects / Ultra Mega Projects: -** Industrial Units satisfying the minimum threshold limits of Fixed Capital Investment or Direct Employment prescribed in the following table shall be classified as Mega Projects/ Ultra Mega Projects.

Table

Type of unit	Taluka/ Area Classification	Minimum Fixed Capital Investment (Rs. Crore)	Minimum Direct Employment(Nos.)
Mega Project	A & B	750	1,500
	C	500	1,000

Type of unit	Taluka/ Area Classification	Minimum Fixed Capital Investment (Rs. Crore)	Minimum Direct Employment(Nos.)
	D & D+	250	500
	No Industry Districts & Naxalism Affected Area	100	250
Ultra Mega Project	Entire state	1,500	3,000

Provided that -

a) Mega projects based on employment criteria shall be required to maintain the qualifying direct employment throughout the year and 75% of such employees should be local persons. If the employment criteria is not maintained in any month of the year for which Industrial Promotion Subsidy is claimed, then Industrial Promotion Subsidy shall not be admissible for such year.

b) Minimum Direct Employment prescribed in the table above should be created within a period of two years from the date of commercial production.

c) The investment in Captive Power Plant shall not be considered for determining the qualifying criteria for eligibility as Mega Project/Ultra Mega Project.

2.3 Existing Unit :-

An Existing Unit shall mean and include:

(i) A Unit which has been set up and is in production on or any time prior to the 1st April, 2013, or

(ii) A Unit which has been granted an Eligibility Certificate(EC) as defined in Para No. 2.6 or has availed of any incentives(excluding Stamp Duty) under any of the Earlier Schemes, or

(iii) A Unit which has filed a valid application for grant of an EC under the PSI-2007 with any of the Implementing Agencies on or before the 31st March 2013.

2.4 New Unit :-

A New Unit shall mean a Unit which is set up for the first time by an entity in the Private Sector / Co-operative Sector / State or Central Public Sector / Joint Sector in any Taluka where there is no Existing Unit set up by the said entity, provided that such Unit satisfies the following conditions:

a) It is not an Existing Unit.
b) At least one of the Effective Steps is completed on or after the 1st April, 2013. for setting of the Unit.
c) It is not formed as a result of re-establishment, mere change of ownership, change in the constitution, reconstruction or revival of an Existing Unit.

Explanation- *The incentives available to a New Unit under the PSI-2013 shall, however, be available to the Units which get established as result of purchase of the assets of the Existing / Defunct / Closed / Sick Units, subject to and to the extent mentioned in* ***Annexure III*** *to this Resolution.*

2.5 Expansion / Diversification Project –

An investment shall be regarded as Expansion Project or a Diversification Project, as the case may be, if an Existing / New Unit in any of the areas covered under Group "B", Group "C", Group "D", Group D+, Naxalism Affected Areas or No-Industry- Districts, makes, on or after the date 1st April, 2013, an additional fixed capital investment in additional production / manufacturing facilities for manufacture of the same product / products as of the Existing /New Unit or for manufacture of different products, as the case maybe provided it satisfies the following conditions, namely :-

(a) The said additional Fixed Capital Investment for expansion / diversification of the Existing/ New Unit should exceed 25 per cent of the Gross Fixed Capital Investment of the Existing / New Unit immediately prior to setting up of the additional production /manufacturing facilities, as on the last day of the previous financial year, subject to a minimum additional fixed capital investment of Rs. 5 crores in case of non-MSMEs and Rs. 25 Lacks, in case of MSMEs.

(b) In the case of Expansion or Expansion-cum-Diversification but not mere Diversification "per se", the said additional Fixed Capital Investment should result in increase of existing installed capacity by at least 25 per cent; and

(c) Such Expansion / Diversification should increase the employment in the non-supervisory category at least to the extent of 10 per cent of the pre expansion/diversification level of such employment and 80 percent of such additional employment should be from amongst local persons.

2.6 Eligibility Certificate-

Eligibility Certificate shall mean the certificate issued by the Implementing Agency to the Eligible Unit under the Package Scheme of Incentives which indicates the accepted Fixed Capital Investment, Actual Fixed Capital Investment made, Finished Products and other details along with Quantum of Incentives, Period of validity for availing of incentives and the terms and conditions to be complied with by the concerned Unit in whose favour such certificate is issued.

2.7 Eligibility Period -

For the purpose of incentives of Industrial Promotion Subsidy, Interest Subsidy, Electricity Duty Exemption, Power Tariff Subsidy etc., applicable to an Eligible Unit as per Paras No. 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8, 4.9, 4.10 subject to the fulfilment of the conditions of the PSI-2013, the period of eligibility shall be computed from the Effective date of Eligibility and depend on the nature and location of the Eligible Unit.

In respect of Mega Projects/ Ultra Mega Projects, the eligibility period shall be as, approved by the “Cabinet Sub Committee” or the “High Power Committee”, subject to fulfilment of the conditions of the PSI- 2013.

2.8. Operative Period

“Operative Period” shall mean an include the minimum period of Operation of Unit as laid down under the Government Resolution, Industries, Energy and Labour Department, No. PSI-2108/CR 35 /IND-8, dated the 21st May, 2008 .

2.9 Effective Steps

1. “Effective Steps” shall mean and include -

(i) Effective possession of land / shed / gala by an Eligible Unit. If the rental period/ lease period is less than the sum of Eligibility Period and Operative Period, then there should be a provision of automatic extension of the agreement for further minimum period which should be equivalent to the sum of Eligibility Period and Operative Period of the eligible unit.

Explanation: *Effective possession of land, in case of rental / lease of land / premises, means physical possession of land with registered deed with clear title documents and / or registered lease deed. However for land in MIDC area , effective possession of land means physical possession with registered Agreement to lease.*

(iii) Registration, in case of Firm / Company / Trust / Society / Co-operative Society. However, in case of Partnership Firm, the evidence of execution of a Partnership Deed and filing of a requisite application with payment of necessary registration fees with the

Registrar of Firms and acknowledgement by the office shall be necessary.

(iv) Enterprises Memorandum / Letter of Intent / Registration for IT/BT Units from the Directorate of Industries or MIDC / Letter of Intent from the Government of India and / or permission from the State Government for setting up / shifting of the Unit, if such permission is required to be obtained.

(v) A copy of the Industrial Entrepreneur's Memorandum (IEM) along with a copy of its acknowledgement in the case of an LSI Unit/Mega Unit/Ultra Mega Unit, not covered under the licensing provisions of the Industries (Development & Regulation) Act, 1951 or letter of intent, which is covered under license provision of the said Act.

Explanation- *Based on the documentary evidence produced by the Eligible Unit, the Implementing Agency shall determine the date on which the Effective Steps are completed, subject to such directions as the Government may issue from time to time.*

2.10 Fixed Assets-

The term Fixed Assets shall mean and include :

i) Land / area in effective possession for a minimum further period equivalent to sum of Eligibility Period and Operative Period, prescribed under the scheme and as required for the project.

ii) Building, i.e. any built-up area used for the Eligible Unit including administrative building, residential quarters, industrial housing and accommodation for all such facilities as are required for the manufacturing processes.

iii) Plant and Machinery, i.e. Tools and equipment including handling and haulage equipment or tools as are necessarily required and exclusively used for sustaining the working of the Eligible Unit.

iv) The cost of development of the location of the Eligible Unit, such as fencing, construction of roads and other infrastructure facilities which the Eligible Unit has to incur under the project.

v) Installation charges and pre-operative expenses capitalized.

vi) Technical know-how including cost of drawings and know-how fees.

vii) The amount paid to the Electricity Distribution Company for supply of power to the Eligible Unit, or to the Maharashtra Industrial Development Corporation

(MIDC) for development of infrastructure for the Eligible Unit, or to any other Government Agency for similar purpose.

viii) For Mega Project/Ultra Mega Project –

a) The Tooling acquired by the Mega Project / Ultra Mega Project may be located at the premises of various ancillary units of the Mega Project within the State, limited to maximum 40% of the total plant and machinery of the Mega Projects/ Ultra Mega Project .

b) If Mega Project / Ultra Mega Project wants to support certain captive process vendors who may put up investment purely and entirely for the purpose of carrying out certain processes in the overall manufacturing process of the Mega Project/ Ultra Mega Project, the investment made by such captive process vendors would also qualify for being counted towards the fixed capital investment of the Mega Project / Ultra Mega Project subject to the following conditions–

b.1 Such Mega Project/ Ultra Mega Project shall furnish a list of such captive process vendors which it wants to support.

b.2 Such captive process vendors are located in the same industrial area or higher classified Taluka where the Mega Project / Ultra Mega Project Unit is situated (e.g. if the Mega Project is located in B area, then the captive process vendors should be from the same classified area or from C, D, D+ area or No Industry Districts)

b.3 Such captive process vendors should be engaged in a part of the manufacturing process (and not components or independent products) of only one Mega Project/ Ultra Mega Project.

b.4 Such captive process vendors shall not be entitled to any benefits under Package Scheme of Incentives even though it may be putting up investment in its own name..

2.11 Gross Fixed Capital Investment-

Gross Fixed Capital Investment shall, in the case of New Fixed Assets, mean and include the value of new Fixed Assets acquired at site and duly paid for.

Provided that -

(a) Only new Fixed Assets as per the Project Scheme accepted by the Implementing Agency, based on the project appraisal done by the lender who has given term loan for the Project or by the Scheduled Commercial Bank / SICOM in case of projects financed by Non- Banking Finance Company/Credit Society/self-financed project, which are

acquired by an Eligible Unit / Enterprises within the relevant period shall be considered. (The Land cost prior to submission of valid application shall be considered for Fixed Capital Investment).

(b) The value for which imported second hand fixed assets (Used imported machinery) are acquired or the value thereof as certified by an approved valuer, whichever is less, subject to the condition that the assets shall have residual performing life of a minimum 10 years as certified by an approved valuer, shall also be considered towards Gross Fixed Capital Investment.

(c) The investment in intangible assets including pre- operative expenses, interest capitalized, technical know-how, deposits paid for utility services etc. shall be considered only to the extent of 10% of the total project cost for the purpose of incentives.

(d) Fixed Assets acquired by an Eligible Unit and forming part of the Gross Fixed Capital Investment cannot be disposed of / sold / shifted / written off except with the prior written permission of the Implementing Agency. The Implementing Agency may ordinarily grant such permission if it is satisfied that the overall production capacity and existing employment strength of the Eligible Unit will not thereby suffer and that the Eligible Unit has definite Plans /proposals for replacement of the Fixed Assets being disposed of / sold / written off either by similar Fixed Assets or by Fixed Assets with better output / higher production capacity with or without change in the finished product/s. However, shifting of assets will be permitted only if the contemplated shifting is to a place in an equivalent or lesser-developed area of the State (e.g. from Group 'C' to 'C' or 'D' area, but not from Group 'C' to 'B' area as per the area classification given in Annexure -I)

(e) Subject to the provisions of (a), (b), (c),(d) above, the Gross Fixed Capital Investment at the end of each year will be computed as Gross Fixed Capital Investment at the beginning of the year, plus additions as per the approved Project Scheme made, if any, to the Gross Fixed Capital Investment during the year, less the original value of any Fixed Assets of the Eligible Unit shifted disposed of / sold / written off, if any, during the year.

(f) If the admissible Gross Fixed Capital Investment as endorsed in the EC is reduced as a result of any shift / disposal / sale / write off / replacement of the Fixed Assets, the ceiling as endorsed in the EC shall be reduced proportionately and if the incentives availed by the Eligible Unit exceed the ceiling revised as a result of shifting / disposal / sale / write off / replacement, the benefits availed in excess of such revised ceiling shall stand recoverable/refundable forthwith with interest at the rate of 12% from the date of such excess availment till the date of actual payment.

(g) Any increase in the Gross Fixed Capital Investment as a result of replacement of any of the Fixed Assets earlier considered under the EC shall not have any additional incentives.

2.12 Eligible Investment.

Eligible Investment shall mean and include the investment in the fixed assets [as per Para Nos.2.10 and 2.11 (a),(b),(c)], acquired at site and paid for within the permissible investment period , limited to the item wise maximum limit (i.e. Land, Land development, Building, Plant and Machinery etc.) as per the approved Project Scheme by the concerned term lending agency or as appraised by the approved agency in case of self financed projects and accepted by the Implementing Agency.

Explanation :- *The amount shown under the head of contingency against each item shall not be allowed in excess of 10% of the cost shown therein and shall be considered only if the same has been provided in appraisal/assessment done by the concerned term lending agency/Financial Institution and accepted by the Implementing Agency.*

2.13 Direct Employment-

Direct Employment shall mean employees on the pay roll of the company covered under Employee's Provident Funds and Miscellaneous Provisions Act, 1952 and Employee's Provident Funds Scheme, 1952 and for which Employees' Provident Fund (EPF) contribution is paid by the Eligible Unit and shall not include employees on the pay roll of contractors.

2.14 Finished Product-

Finished product shall mean and include the item/s of manufacture by the Eligible Unit as considered under the project scheme approved by the concerned term lending agency and / or by the Implementing Agency, together with by-product /scrap which may get generated as incidental to and during the main production activity.

Explanation: The units will be allowed inclusion of items freely during the eligibility period. However the incentives for included items will be available prospectively and addition to the Fixed Capital Investment made for purpose of additional items shall not be entitled for additional incentives, except what is admissible as per **Para No.2.5.**

2.15. Sick Unit-

A 'Sick Unit' shall mean and include a Micro & Small Manufacturing Enterprise so considered and certified by the Directorate of Industries, or Medium Manufacturing Enterprise / LSI Unit so considered by the Board for Industrial and Financial Reconstruction (BIFR) or a Co-operative Unit / Enterprise so certified by the Commissioner of Co-operation, State of Maharashtra.

2.16. Procedural Rules-

'Procedural Rules' shall mean and include the rules as laid down under Government Resolution, Industries, Energy and Labour Department, No. IDL- 7079/95227/ (2540)/IND-8, dated the 11th August, 1980 ,as amended from time to time. In case of any conflict, the provisions of this Govt. Resolution shall prevail.

2.17 Year-

'Year' shall mean the financial year, i.e. the period from 1st April to the 31st March.

Sr. No.	Category of Industrial Units	Area	Implementing Agency
1	a) Micro & Small Manufacturing Enterprises b) Cold Storages and processing units mentioned in Para No. 1.2 (v) & (vi) wherein investment in equipment's is at par with Micro and Small Manufacturing Enterprises,	Mumbai and Mumbai sub-urban Districts	The Joint Director of Industries (Mumbai Metropolitan Region) [JDI (MMR)]
		All other Districts	District Industries Centre (DICs)
2	a) Medium Manufacturing Enterprises b) Cold Storages and processing units mentioned in Para No. 1.2 (v) & (vi) wherein investment in equipments is at par with the	Mumbai and Mumbai Sub-urban Districts	The Joint Director of Industries (Mumbai Metropolitan Region) [JDI (MMR)]
		Regions	The Regional Joint Directors of

	Medium Manufacturing Enterprises *as* defined in the MSMED Act, 2006.		respective Regions
		Nanded Sub-Region	Superintending Industries Officer, Nanded Sub –Region
3	a) Large Scale Industries (LSI) / Mega Projects /Ultra Mega Projects b) Cold Storages and processing units mentioned in Para No. 1.2 (v) & (vi) where in the investment in equipment is more than the medium manufacturing enterprises.	Entire State	Directorate of Industries, Government of Maharashtra

Explanation: *Where an Eligible Unit is already holding an EC, it will be covered for benefits under the PSI- 2013 according to its status as Micro, Small and Medium Manufacturing Enterprise or Large Scale Industry (LSI), consequent upon the new /expansion / diversification project undertaken by it and shall accordingly file its application with the concerned Implementing Agency.*

4. FINANCIAL INCENTIVES FOR MSMEs/LSIs UNDER PSI-2013

4.1 New MSME/LSI Units will eligible for a basket of incentives mentioned in Paras Nos. 4.1 to 4.9 (excluding the incentives at Paras No 4.6 and 4.7) the total quantum of which will be linked to the Fixed Capital Investment. The total quantum of incentives and the Eligibility Period, will be as under : -

Taluka/Area	Ceiling as % of Fixed Capital Investment		No. of Years	
	Micro, Small & Medium Enterprises	LSI	Micro, Small & Medium Enterprises	LSI
A	---	---	7	7
B	20	---	7	7
C	40	30	7	7
D	70	40	10	7
D+	80	50	10	7
No Industry District	90	70	10	7
Naxalism Affected Area	100	80	10	7

Provided that -

a) The incentives at Para No. 4.9 will also be available to MSME and Large Scale Units in Group A and B areas as well.

b) The total quantum of incentives for the food /agro processing units covered in Para No. 1.2 (vi) will be 10% over and above the limits mentioned above and such units will get one more year of eligibility to avail of the incentives.

4.2 Expansion /Diversification Units: Existing/New Micro, Small and Medium Manufacturing Enterprises, LSI (including Manufacturing IT/BT) Units, qualifying as Expansion/Diversification Units, will also be eligible to get the Incentives for Expansion /Diversification, equivalent to 75% of the incentives admissible for New Units. The eligibility period for availing of the incentives will however be reduced by one year in case of Expansion/Diversification Units.

> ***Example:*** *For example, if an Eligible New Micro, Small and Medium Manufacturing Enterprise located in D area has obtained EC and its date of commencement of commercial production is 09/10/2013, the Eligible unit will be entitled to Industrial Promotion Subsidy, Interest Subsidy, Power Tariff Subsidy, etc all taken together up to a maximum of 70% of its eligible investment for 10 years from 01/11/2013. In addition, the Unit will also be eligible for exemption from payment of Stamp Duty during the Investment period and Electricity Duty exemption for a period of 10 years .*
>
> *If the Unit in above example is an Expansion / Diversification Unit, then the maximum quantum of incentives in the above example will be 52.5% of its eligible investment and the Eligibility period will be 9 years (Except Electricity Duty exemption).*

4.3 Industrial Promotion Subsidy (IPS) for MSMEs -

The eligible New/Expansion Micro, Small and Medium Manufacturing Enterprises, which are set up in different parts of the State, will be eligible for Industrial Promotion Subsidy (IPS) as follows.

Sr. No.	Taluka/Area Classification	The quantum of Industrial Promotion Subsidy Every Year
1.	Naxalism Affected Area	VAT on local sales minus Input Tax Credit (ITC) or zero whichever is more + CST payable + 100% of ITC

2.	No Industries District	VAT on local sales minus ITC or zero whichever is more + CST payable + 75% of ITC
3.	Entire Vidarbha and Marathwada (Other than Sr. No. 1 & 2.)	VAT on local sales minus ITC or zero whichever is more + CST payable + 65% of ITC
4.	Group D+ Taluka (Other than Sr.No.1 and 3)	VAT on local sales minus ITC or zero whichever is more + CST payable + 50% of ITC
5.	Group D Taluka (Other than Sr.No.1 and 3)	VAT on local sales minus ITC or zero whichever is more + CST payable + 40% of ITC
6.	Group C Taluka	VAT on local sales minus ITC or zero whichever is more + CST payable + 30% of ITC
7.	Group B Taluka	VAT on local sales minus ITC or zero whichever is more + CST payable + 20% of ITC

4.4 Industrial Promotion Subsidy for Large Scale Industries -

The eligible New/Expansion Large Scale Manufacturing Units, which are set up in different parts of the State, will be eligible for Industrial Promotion Subsidy (IPS) as follows -

Sr. No.	Taluka/Area Classification	The quantum of Industrial Promotion Subsidy Every Year
1.	Naxalism affected area	100% VAT on local sales minus Input Tax Credit (ITC) or zero whichever is more + CST payable
2.	No Industries Districts, Vidarbha and Marathwada	90% VAT on local sales minus ITC or zero whichever is more + CST payable
3.	Group D+ Taluka (Other than Sr. No. 1 and 2)	80% VAT on local sales minus ITC or zero whichever is more + CST payable
4.	Group D Taluka (Other than Sr. No. 1 & 2)	70% VAT on local sales minus ITC or zero whichever is more + CST payable
5.	Group C Taluka	60% VAT on local sales minus ITC or zero whichever is more + CST payable

4.5 Interest Subsidy -

All eligible new Micro, Small and Medium Manufacturing Enterprises in areas other than Group"A" will be eligible for interest subsidy. The Interest Subsidy will be payable only on the interest actually paid to the Banks and Public Financial Institutions on the amount of term loans taken for acquisition of Fixed Assets. The amount of interest subsidy will be calculated @ effective rate of interest, after deducting the interest subsidy receivable from any institution or under any Govt. of India Scheme and the penal/compound interest or 5 % per annum, whichever is less. The quantum of interest subsidy payable every year will not exceed the bills paid for electricity consumed during the relevant year.

4**.6 Exemption from Electricity Duty -**

All Eligible New Units in Group C, D, and D+ areas and No-Industry District(s) and Naxalism affected Area will be exempted from payment of Electricity Duty during eligibility period not exceeding 15 years. In Group A and B areas, 100% Export Oriented Units (EOUs), Information Technology Manufacturing Units and Bio-Technology Manufacturing units will also be exempted from payment of Electricity Duty for a period of 7 Years. Necessary Notification under the provisions of the Electricity Duty Act 1958 will be issued separately by the Energy Department.

4.7 Waiver of Stamp Duty

New Units as well as Units undertaking Expansion/ Diversification (including Mega and Ultra Mega Projects) will be exempted from payment of Stamp duty during the Investment period in Group "C, D, D+ Talukas, No Industry Districts and Naxalism affected areas. However, in Group A and B areas, stamp duty exemption would be available as given below:

- BT Manufacturing and IT Manufacturing Units in Public Parks : 100%
- BT Manufacturing and IT Manufacturing Units in Private Parks : 75%
- Mega Projects - 50% for first conveyance deed only

Explanation: *Eligible New/Expansion Units of PSI-2007 will also be eligible for Stamp Duty Exemption during their investment period.*

Necessary Notification under the provisions of the Bombay Stamp Act 1958 will be issued separately by the Revenue & Forest Department.

4.8 Power Tariff Subsidy

Eligible New Micro, Small and Medium Enterprises (MSME) will be eligible for power tariff subsidy. The subsidy will be to the tune of Rs 1/- per unit for the Units located in Vidarbha, Marathwada, North Maharashtra and the Districts of Raigad,

Ratnagiri and Sindhudurg in Kokan Region and Rs 0.50 per unit for the Units in other areas of the State for a period of 3 years from the date of commencement of commercial production, for the energy consumed and paid. The Units in Group "A" areas will however not be eligible for this incentive.

4.9 Incentives for Strengthening MSMEs and LSIs

The followings incentives shall be admissible to the MSMEs and LSIs so as to promote Quality Competitiveness, Research & Development, Technology Upgradation, Water & Energy Conservation, Cleaner Production Measures and Credit Rating -

(A) New MSMEs and Expansion thereof in all categories of areas will be eligible for following incentives -

(i) 5% subsidy on capital equipment for Technology Up –gradation, subject to a maximum of Rs.25 lacs

(ii) 75 % subsidy on the expenses incurred on quality certification limited to Rs. 1 Lakh .

(iii) 25% subsidy on capital equipment for cleaner production measures ,limited to Rs.5 Lakhs

(iv) 75 % subsidy on the expenses incurred on patent registration limited to Rs. 10 Lakh for the National patents and Rs. 20 lakh for the International patents.

(B) Incentives for Credit Rating of MSMEs in all categories of areas -

75% of the cost of carrying out Credit Rating by Small Industries Development Bank of India/ Government accredited Credit Rating Agency, limited to Rs. 40,000.

(C) New MSMEs, LSI and Expansion thereof will be eligible for the following incentives in all categories of areas -

(i) 75% of cost of water audit limited to Rs. 1.00 lakh.

(ii) 75% of cost of energy audit limited to Rs. 2.00 lakh.

(iii) 50% of the cost of Capital Equipment under the measures to conserve/recycle water, limited to Rs. 5 lakh

(iv) 50% of the cost of Capital Equipment for improving energy Efficiency, limited to Rs. 5 lakh.

4.10 Incentives for Units coming up in Naxalism affected Talukas

New/Expansion Units, setting up manufacturing industrial facilities in Naxalism affected Talukas (Annexure – II) and employing at least 75 % local persons from the Naxalism affected areas will be eligible for incentives .

5. INCENTIVES FOR MEGA PROJECTS/ ULTRA MEGA PROJECTS

The quantum of incentives for Mega Projects and Ultra Mega Projects shall be decided by the High Power Committee under the chairmanship of the Chief Secretary, Government of Maharashtra on a case to case basis. However the Cabinet Sub Committee for Industry, under the chairmanship of the Chief Minister of Maharashtra will have the powers to sanction customized package of incentives and even offer special / extra incentives for prestigious Mega Projects / Ultra Mega Projects, on a case to case basis.

6. YEARLY CAP FOR THE INCENTIVES

6.1 The amount of incentives to be disbursed to the MSMEs and LSI Units every year will be limited to the total quantum of incentives divided by the number of years as per the applicable Eligibility period with the provision of carrying forward the differential between the actual sanctioned amount for a given year and the yearly disbursement limit.

6.2 For Mega Projects/ Ultra Mega Projects, if the E.C. Period is more than 10 years, the yearly limit on disbursement amount shall be equal to 1/10 of the total quantum of incentives or Industrial Promotion Subsidy sanctioned for that year whichever is less. The Carry forward principle will be applicable. The balance quantum of incentives will be allowed to be availed of after 10 years with yearly cap as above. Proportionate quantum of incentives will be calculated for a part of the year.

Example 1: *If the unit is eligible for the total quantum of Rs.1000 and the E.C. period is 10 years, then actual incentives disbursed to such unit, shall not exceed Rs.100 (1000/10) in a given year even though the amount of total incentives sanctioned for that year is more than Rs. 100. The difference (yearly sanctioned amount minus yearly disbursement limit) can be carried forward for the Subsequent years of E. C. period, such that the actual disbursement of incentives is not more than Rs.100 in any year.*

Example 2: *If the unit is eligible for the total quantum of Rs.1000 and the E.C. period is 10 years, then actual incentive disbursed to such unit, shall not exceed Rs.100 (1000/10) or the incentives sanctioned (say Rs.70) for that year whichever is less (i.e. Rs.70). The difference (i.e.Rs.30) can be carried forward for the further E. C. period. In the next year, if the total incentives sanctioned are Rs. 140, then the unit will be eligible for disbursement of Rs. 100 (i.e. yearly maximum disbursement limit) and Rs. 30 towards the carried forward amount .*

7. PROCEDURE FOR APPLICATION UNDER PSI-2013

7.1 Application for Eligibility

(1) An application for eligibility under the PSI 2013 Scheme shall be submitted to the Implementing Agency by an Eligible Unit only after it has taken all the Effective Steps but not later than the 31st March, 2018. It shall be supported by documentary evidence with regard to completion of the Effective Steps.

(2) For claiming eligibility under the PSI-2013, any New/Expansion/ Diversification, Eligible Unit shall commence the commercial production and also acquire the fixed assets at site, having paid for the same, and paid for it within the investment period. The Investment Period for Micro, Small and Medium manufacturing Enterprises will be three years, and for the LSI units, four years. For Mega Projects /Ultra Mega Projects, the Investment period will be five years from the date of application or such greater period as may be approved by the "High Power Committee" or the "Cabinet Sub Committee" on case to case basis.

The Investment Period will be counted from the date of submission of application to the Implementing Agency or the date suggested by the Eligible Unit, however this date should be within this Scheme Period and the assets acquired prior to and beyond the investment period will not be considered eligible for incentives. However, the Land cost prior to submission of valid application shall be considered for Fixed Capital Investment.

Delay in commencement of commercial production will entail proportionate curtailment of incentives and the Eligibility Certificate period.

(3) If a Unit has completed all Effective steps but not started the production before the 1st April, 2013 and has not filed an application with the Implementing Agency under PSI 2007, such unit can submit the application under PSI - 2013. However, the incentives applicable to such Eligible Unit shall be as per PSI-2007 or PSI - 2013 , whichever is lower. For such unit , the investment made within the investment period from the date of application only will be considered for Incentives.

In respect of a Mega Project, where customised package has been approved by the High Power committee or the Infrastructure Committee / Cabinet Sub Committee under PSI - 2007, but the Unit has completed/ not completed the effective steps within the period of PSI - 2007 and has not applied to the Directorate of Industries for Eligibility Certificate as per Para No. 4.1 (1) of PSI – 2007, such Mega Project will be eligible for approved customised package only. However, the Unit should complete the effective steps and file an application with

the Implementing Agency within the operative period of PSI -2013, but before starting the commercial production.

(4) An application for eligibility shall be submitted to the Implementing Agency on or before the date of commencement of commercial production. If there is any delay, the E.C. period and entitlement will be curtailed proportionately.

7.2 Effective Date of Eligibility Certificate.

An Eligibility Certificate (EC) under the PSI-2013 will be issued by the Implementing Agency after ascertaining that the Eligible Unit has complied with the provisions of the Scheme and has commenced its commercial production. The EC will be issued with effect from the date of commencement of commercial production by the Eligible Unit. The date of commencement of commercial production will be determined by the Unit, supported by the relevant extract of the Excise Register or, in case Excise Duty is not applicable, by the first sale bill issued by the Unit in respect of such production or as may be Specifically permitted by the Government of Maharashtra in respect of Mega Projects. For the purpose of the EC, the date of commencement of commercial production shall be deemed to be the first day of the month following the month in which such production has commenced.

The Implementing Agency shall send a copy of the Eligibility Certificate to all the concerned agencies offering various incentives e.g. concerned Electrical Inspector, Sales Tax Officer.

7.3 Procedure for claiming benefits under Expansion / Diversification

The eligible unit claiming benefits under Expansion / Diversification shall be required to maintain separate record of production for such expansion. In case, however, maintaining separate record is not possible, the benefits for such eligible units shall be available in the ratio of additional fixed capital investment to the total gross fixed capital investment. There will no limit of number of expansions/diversifications in the Scheme period.

7.4 Claim for Incentives

No right or claim for any incentives under the PSI - 2013 shall be deemed to have been conferred by the PSI - 2013 merely because the applicant Unit has fulfilled the conditions of the PSI-2013. The incentives under the PSI - 2013 *(except Stamp Duty Exemption)* cannot be claimed unless an EC has been issued under the PSI - 2013 by the Implementing Agency and the Eligible Unit has complied with the stipulations/conditions of the EC. The Implementing Agency shall issue EC to the Eligible Unit within 30 days of the Unit complying with the stipulations of the PSI – 2013 and submitting documentary evidence thereof.

8. MONITORING AND REVIEW

8.1 Monitoring and Review of the Fixed Capital Investment and Production activities of the Eligible Unit-

With a view to monitoring the production activities of and the establishment of Fixed Assets by the Eligible Unit in relation to the incentives available under the PSI – 2013 , and ensuring that the two things proceed at the same pace during the period of eligibility and also thereafter during the operative period of the agreement entered into by the Eligible Unit, the following procedure is laid down -

(i) The Eligible Unit shall submit a report duly signed by its authorised representative covering information and details regarding production and sales, indicating the period of stoppage of production and/or closure of the Unit, if any, with reasons therefore, addition to the Fixed Capital Investment, disposal of Fixed Assets, and changes in the constitution of the Eligible Unit.

(ii) The Eligible Unit shall also submit to the Implementing Agency, within a period of 9 months from the close of every year, a certified true copy of the audited annual statement of accounts and Balance Sheet for the said year.

(iii) The Implementing Agency shall be entitled to call for any information and details for a shorter period even prior to the close of the year. The implementing Agency shall independently examine the position from time to time in order to ensure that the incentives drawn/availed of are within the ceilings specified under the PSI-2013 or under the relevant earlier Scheme, as the case may be.

8.2. Failure on the part of an Eligible Unit to submit any of the above information / documents within the specified time shall mount to breach of the provisions of the PSI-2013, entailing suitable action as provided under the Procedural Rules, including action to cancel the EC, or premature recall of and immediate recovery of the incentives drawn / availed.

8.3 The Implementing Agencies shall, as far as possible, ensure that the Eligible Unit and the relevant Agency for supply of power, and the Electrical Inspector are kept informed of the continuance or discontinuance of the EC during the tenure in accordance with the Procedural Rules.

8.4 If and when the Eligible Unit reaches the relevant ceilings prescribed in the EC , prior to expiry of the EC period, or if it contravenes any of the conditions there under, the Implementing Agencies shall take prompt action to cancel the EC.

9. MISCELLANEOUS PROVISIONS

A State Level Committee (SLC) as constituted, comprising the following members, shall be authorized to decide the Implementing Agency, interpret and decide all the issues involving the PSI - 2013 and Earlier Schemes :-

1. Principal Secretary, Industries Department … Chairman
2. Principal Secretary (Finance) … Member
3. Commissioner of Sales Tax… Member
4. Development Commissioner (Industries) … Member
5. Joint Director of Industries (PSI) … Member Secretary

The Committee may, if it so desires, seek the advice of Experts from the relevant fields before taking decision on any subject falling under its purview.

The decisions taken by the Committee shall be implemented only after the approval of the Government at appropriate level.

This Government Resolution is Issued with the concurrence of the Finance Department vide its U.O.R. No.14/ 2013/ Taxation -1 Dated 28/3/2013.

This Government resolution of Maharashtra Government is available at the websitewww.maharashtra.gov.in. Reference no. for this is 201304091555217210. This order has been signed digitally.

By order and in the name of the Governor of Maharashtra.

Damodar Ambadas Kulkarni

Digitally signed by Damodar Ambadas Kulkarni
DN: c=IN, o=Government Of Maharashtra, ou=Industry Energy & Labor, postalCode=400032, st=Maharashtra, cn=Damodar Ambadas Kulkarni
Date: 2013.04.26 12:58:09 -07'00'

(D. A. Kulkarni)

Under Secretary to government

Copy forwarded to:

1) Principal Secretary to Hon'ble Governor of Maharashtra.
2) Principal Secretary to Hon'ble Chief Minister of Maharashtra.
3) Secretary to Hon'ble Deputy Chief Minister of Maharashtra.
4) Private Secretary to Hon'ble Minister (Industries)

5) Private Secretary to Hon'ble State Minister (Industries)
6) All Private Secretary to all Hon'ble Minister and State Minister
7) Private Secretary to Hon'ble Leader of Opposition, Maharashtra Legislature Assembly, Vidhanbhavan, Mumbai.
8) Private Secretary to Hon'ble Leader of Opposition, Maharashtra Legislature Council , Vidhanbhavan, Mumbai.
9) Hon'ble Chief Secretary of Maharashtra.
10) All Additional Chief Secretaries/Principal Secretaries/Secretaries to the Government of Maharashtra.
11) Divisional Commissioner, Konkan Division/ Aurangabad Division/ Pune Division/ Nasik Division/ Amaravati Division/ Nagpur Division.
12) Development Commissioner (Industries) Directorate of Industry, Mumbai.
13) Commissioner of Sales Tax, Mumbai
14) Chief Executive Officer, Maharashtra Industrial Development Corporation, Mumbai
15) All Collectors
16) All Managing Directors / Chief Executive Officers of the Corporations/ Government Undertakings under the Government of Maharashtra.
17) All Joint Directors of Industries.
18) All Departments of Mantralaya, Mumbai
19) All Desk Officers in the Industries, Energy and Labour Department.
20) All General Managers, District Industries Centres
21) The Accountant General, Maharashtra-1, Mumbai
22) The Accountant General, Maharashtra-11, Nagpur
23) The Pay and Accounts Officer, Mumbai
24) The Resident and Audit Officer, Mumbai
25) The industries, Energy and Labour Department (Ind-8) Select file.